



September 25, 2003

***By Personal Delivery***

The Honorable Bill Lockyer  
Attorney General of the State of California  
1300 I Street  
Sacramento, CA 95814

Attn.: Tricia Knight, Initiative Coordinator

**RECEIVED**  
SEP 25 2003INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Re: Request for Preparation of Title and Summary – Initiative Statute

Dear Ms. Knight:

I am the proponent of the enclosed initiative measure, which is entitled "The California Clean Money/Clean Elections Act of 2004." Pursuant to Elections Code section 9002, I hereby request the preparation of a title and summary of the chief purposes and points of the proposed measure. Enclosed is a check for \$200 made payable to the State of California.

I am a registered voter in the County of Los Angeles. My residence address is set forth in an attachment hereto. I have also signed and attached the statement required pursuant to Elections Code section 9608.

You are hereby authorized to direct all further inquiries and correspondence regarding this proposed measure to my attorney: Fredric D. Woocher, Strumwasser & Woocher LLP, 100 Wilshire Blvd., Ste. 1900, Santa Monica, CA 90401, (310) 576-1233.

Sincerely,

Arianna Huffington  
Initiative Proponent

Enclosures

STATEMENT REQUIRED BY ELECTIONS CODE SECTION 9608

I, Arianna Huffington, acknowledge that it is a misdemeanor under state law (Section 18650 of the Elections Code) to knowingly or willfully allow the signatures on an initiative petition to be used for any purpose other than qualification of the proposed measure for the ballot. I certify that I will not knowingly or willfully allow the signatures for this initiative to be used for any purpose other than qualification of the measure for the ballot.

Arianna Huffington Proponent

Dated this 25th day of September, 2003

**RECEIVED**  
SEP 25 2003

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

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**PROPOSED LAW**

**CALIFORNIA CLEAN MONEY/CLEAN ELECTIONS ACT OF 2004**

This measure adds to, deletes, and amends the following sections of the California Government Code.

**Section 1.** Title

This measure shall be known as the "California Clean Money/Clean Elections Act of 2004."

**Section 2.** Article 1 (commencing with Section 85100), Article 2.5 (commencing with Section 85202), Article 3 (commencing with Section 85300), Article 4 (commencing with Section 85400), Article 5 (commencing with Section 85500), Article 6 (commencing with Section 85600), Article 7 (commencing with Section 85700) of Chapter 5 of Title 9 of the Government Code are repealed.

**Section 3.** Paragraph (iii) of subdivision (b)(2)(B) of Section 82015 of the Government Code is repealed.

**Section 4.** Section 83124 of the Government Code is repealed.

**Section 5.** Chapter 5 (commencing with Section 85100) of Title 9 of the Government Code is amended to read:

CHAPTER 5. California Clean Money/Clean Elections Act of 2004

Article 1. General

85100. Title

This chapter shall be known as the California Clean Money/Clean Elections Act of 2004.

85101. Findings and Declarations

The people of the State of California find and declare all of the following:

(a) The current campaign finance system burdens elected officeholders and candidates with the incessant rigors of fundraising and thus decreases the time available to carry out their public responsibilities.

1 (b) The current campaign finance system diminishes the free speech rights of  
2 non-wealthy voters and candidates whose voices are drowned out by those who can  
3 afford to monopolize the arena of paid political communications.  
4

5 (c) The current campaign finance system fuels the public perception of  
6 corruption, at worst, and conflict of interest, at best, and undermines public confidence in  
7 the democratic process and democratic institutions.  
8

9 (d) The current campaign finance system diminishes elected officials'  
10 accountability to their constituents by compelling them to be disproportionately  
11 accountable to the major contributors who finance their election campaigns.  
12

13 (e) The ever-increasing costs of political campaigns in competitive races force  
14 most candidates to raise larger and larger percentages of money from interest groups that  
15 have a specific financial stake in the outcome of the elections and in matters before our  
16 state government.  
17

18 (f) Existing term limits place a greater demand on fundraising for the next  
19 step election even for elected officials in safe seats.  
20

21 (g) The rapidly increasing amounts of independent expenditures point to a  
22 growing trend of special interest groups to funnel funds through independent expenditure  
23 committees in an effort to skirt the contribution limitation laws.  
24

25 (h) The current campaign finance system undermines the First Amendment  
26 right of voters and candidates to be heard in the political process; it undermines the First  
27 Amendment right of voters to hear all candidates' speech; and it undermines the core  
28 First Amendment value of open and robust debate in the political process.  
29

30 (i) Because of legislative reapportionment, most legislative campaigns are not  
31 competitive and thus candidates do not have to spend huge sums to be elected. However,  
32 campaign costs in competitive elections can exceed a million dollars. This law is  
33 designed to address both situations by providing smaller amounts of public funds in non-  
34 competitive races and much larger sums in competitive contests. By doing this, the Clean  
35 Money/Clean Elections Act saves the taxpayers of California from unnecessarily  
36 expending large sums of public money.  
37

38 (j) In states where the clean money/clean elections laws have been enacted  
39 and used, election results show that more individuals, especially women and minorities,  
40 run as candidates; voter turnout increases; more people make financial contributions; and  
41 overall campaign costs decrease.  
42

43 (k) The current campaign finance system creates a danger of actual corruption  
44 by encouraging elected officials to take money from private interests that are directly  
45 affected by governmental actions.  
46

1     85102.         Purposes

2  
3             The people of the State of California enact this law to accomplish the following  
4 separate but related purposes:

5  
6             (a)       To reduce the influence of large contributions on the decisions made by  
7 state government.

8  
9             (b)       To remove wealth as a major factor affecting whether an individual  
10 chooses to become a candidate.

11  
12            (c)       To provide a greater diversity of candidates to participate in the electoral  
13 process.

14  
15            (d)       To reverse the escalating cost of elections that have increased far beyond  
16 the increases in the cost of living.

17  
18            (e)       To permit candidates to pursue policy issues instead of being preoccupied  
19 with fundraising and to allow officeholders to spend more time carrying out their official  
20 duties.

21  
22            (f)       To diminish the danger of actual corruption and the public perception of  
23 corruption and to strengthen public confidence in the integrity of the governmental and  
24 election processes.

25  
26            (g)       To ensure that independent expenditures are not used to evade  
27 contribution limits.

28  
29     85103.         Interpretation of Chapter

30  
31             Unless specifically superseded by this chapter, the definitions and provisions of  
32 this title shall govern the interpretation of this chapter.

33  
34     85104.         Affiliated Entities; Aggregation of Contributions.

35             (a)       The contributions of an entity whose contributions are directed and  
36 controlled by any individual shall be aggregated with contributions made by that  
37 individual and any other entity whose contributions are directed and controlled by the  
38 same individual.

39             (b)       If two or more entities file joint federal tax returns, all contributions made  
40 by such entities shall be aggregated, unless those entities act independently in their  
41 decisions to make contributions.

42             (c)       If two or more entities make contributions that are directed and controlled  
43 by a majority of the same persons, the contributions of those entities shall be aggregated.

(d) Contributions made by entities that are majority owned by any person shall be aggregated with the contributions of the majority owner and all other entities majority owned by that person, unless those entities act independently in their decisions to make contributions.

(e) For the purpose of this section and any time the term is used in this title, "majority owned" means an ownership of more than 50 percent.

(f) For the purpose of this section and any time the term is used in this title, "entity" means any person other than an individual.

85105. Category I Candidate

"Category I Candidate" means a candidate seeking nomination for a state office from a party whose gubernatorial nominee has received twenty percent (20%) or more of the votes at the last regular gubernatorial election.

85106. Category II Candidate

"Category II Candidate" means a candidate seeking nomination for a state office from a party whose gubernatorial nominee has received less than twenty percent (20%) but at least five percent (5%) of the votes at the last regular gubernatorial election.

85107. Coordination

"Coordination" means a payment made for a communication or anything of value that is for the purpose of influencing the outcome of a state election and that is made:

(a) By a person in cooperation, consultation, or concert with, at the request or suggestion of, or pursuant to a particular understanding with a candidate, a candidate's controlled committee, or an agent acting on behalf of a candidate or controlled committee;

(b) By a person for the dissemination, distribution, or republication, in whole or in part, of any broadcast or any written, graphic, or other form of campaign material prepared by a candidate, a candidate's controlled committee, or an agent of a candidate or controlled committee;

(c) Based on specific information about the candidate's plans, projects, or needs provided to the person making the payment by the candidate or the candidate's agent who provides the information with a view toward having the payment made;

(d) By a person if, in the same primary and general election in which the payment is made, the person making the payment is serving or has served as a member, employee, fund-raiser, or agent of the candidate's controlled committee in an executive or policymaking position;

(e) By a person if the person making the payment has served in any formal policy or advisory position with the candidate's campaign or has participated in strategic or policymaking discussions with the candidate's campaign relating to the candidate's

1 pursuit of nomination for election, or election, to a state office, in the same primary and  
2 general election as the primary and general election in which the payment is made; or,

3 (f) By a person if the person making the payment retains the professional  
4 services of an individual or person who, in a non-ministerial capacity, has provided or is  
5 providing campaign-related services in the same election to a candidate who is pursuing  
6 the same nomination or election as any of the candidates to whom the communication  
7 refers.

8 85108. Excess Expenditure Amount

9 “Excess expenditure amount” means the amount of money spent or obligated to  
10 be spent by a non-participating candidate in excess of the Clean Money amount available  
11 pursuant to Article 3 (commencing with Section 85301) to a participating candidate  
12 running for the same office.

13 85109. Exploratory Period

14 “Exploratory period” means the period beginning 18 months before the primary  
15 election for statewide candidates and 12 months before the primary election for  
16 legislative candidates and ending on the last day of the qualifying period. The exploratory  
17 period begins before, but extends to the end of, the qualifying period.

18 85110. General Election Campaign Period

19 “General election campaign period” means the period beginning the day after the  
20 primary election and ending on the day of the general election.

21 85111. Independent Candidate

22 “Independent candidate” means a candidate who does not represent a political  
23 party that has been granted ballot status for the general election and who has qualified to  
24 be on the general election ballot. An independent candidate shall be considered a  
25 Category I candidate if the candidate receives at least twenty percent (20%) of the vote in  
26 the ensuing general election and a Category II candidate if the candidate receives at least  
27 five percent (5%) but less than twenty percent (20%) of the vote in the ensuing general  
28 election.

29 85112. Non-Participating Candidate

30 “Non-participating candidate” means a candidate who is on the ballot but has  
31 chosen not to apply for Clean Money campaign funding, or a candidate who is on the  
32 ballot and has applied but has not satisfied the requirements for receiving Clean Money  
33 funding, or a candidate of a party that is not eligible for Clean Money funding.

34 85113. Participating Candidate

35 “Participating candidate” means a candidate who qualifies for Clean Money  
36 campaign funding. Such candidates are eligible to receive Clean Money funding during  
37 primary and general election campaign periods.

1     85114.         Party Candidate

2             “Party candidate” means a candidate who represents a political party that has been  
3     granted ballot status and holds a primary election to choose its nominee for the general  
4     election.

5     85115.         Petty Cash

6             “Petty cash” means cash amounts of one hundred dollars (\$100) or less per day  
7     that are drawn on the Clean Elections Debit Card and used to pay expenses of no more  
8     than twenty-five dollars (\$25) each.

9     85116.         Political Party Committee

10            “Political party committee” means the state central committee or county central  
11   committee of an organization that meets the requirements for recognition as a political  
12   party pursuant to Section 5100 of the Elections Code.

13   85117.         Primary Election Campaign Period

14            “Primary election campaign period” means the period beginning 118 days before  
15   the primary election and ending on the day of the primary election.

16   85118.         Qualifying Contribution

17            “Qualifying contribution” means a contribution of five dollars (\$5), exactly, that  
18   is received during the designated qualifying period by a candidate seeking to become  
19   eligible for Clean Money campaign funding and shall be from a registered voter of the  
20   electoral jurisdiction in which the candidate is running.

21   85119.         Qualifying Period

22            “Qualifying period” means the period during which candidates are permitted to  
23   collect qualifying contributions in order to qualify for Clean Money funding. The  
24   qualifying period begins 270 days before the primary election for statewide candidates  
25   and 180 days before the primary election for candidates for the Legislature, and it ends 30  
26   days before the day of the primary election.

27   85120.         Seed Money Contribution

28            “Seed money contribution” means a contribution of no more than two hundred  
29   and fifty dollars (\$250) made by an individual adult resident of the state during the  
30   exploratory period.

31   85121.         Small Contributor Committee

32            “Small contributor committee” means any committee that meets all of the  
33   following criteria:

34            (a)     The committee has been in existence for at least six months;



- 1 (b) The committee receives contributions from 100 or more persons;
- 2 (c) No one person has contributed to the committee more than one hundred  
3 dollars (\$100) per calendar year;
- 4 (d) The committee makes contributions to five or more candidates; and
- 5 (e) The committee is not a candidate-controlled committee pursuant to  
6 Section 82016.

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### Article 3. Clean Money

#### 10 85301. Eligibility for Clean Money Campaign Funding for Party Candidates

- 11 (a) A party candidate qualifies as a participating candidate for the primary  
12 election campaign period if the following requirements are met:
- 13 (1) The candidate has qualified for a place on the ballot and files a  
14 declaration with the Commission that the candidate has complied and will comply  
15 with all of the requirements of this chapter, including the requirement that during  
16 the exploratory period and the qualifying period the candidate not accept or spend  
17 private contributions from any source other than seed money contributions, Clean  
18 Money funds, and political party funds; and
- 19 (2) The candidate meets the following qualifying contribution  
20 requirements before the close of the qualifying period:
- 21 (A) A Category I candidate must collect at least the following  
22 number of qualifying contributions:
- 23 (i) One thousand (1,000) qualifying contributions for a  
24 candidate running for the office of Member of the Assembly;
- 25 (ii) Two thousand (2,000) qualifying contributions for a  
26 candidate running for the office of Member of the State Senate;
- 27 (iii) Three thousand (3,000) qualifying contributions for  
28 a candidate running for the office of member of the State Board of  
29 Equalization;
- 30 (iv) Fifteen thousand (15,000) qualifying contributions  
31 for a candidate running for any statewide office other than  
32 Governor;
- 33 (v) Thirty thousand (30,000) qualifying contributions  
34 for a candidate running for the office of Governor.

1 (B) A Category II candidate shall collect half the number of  
2 qualifying contributions that a Category I candidate is required to collect  
3 for the same office pursuant to this subsection.

4 (3) Each qualifying contribution shall be acknowledged by a receipt to  
5 the contributor, with a copy submitted to the Commission by the candidate. The  
6 receipt shall include the contributor's signature, printed name, and home address,  
7 and the name of the candidate on whose behalf the contribution is made. In  
8 addition, the receipt shall indicate by the contributor's signature that the  
9 contributor understands that the purpose of the qualifying contribution is to help  
10 the candidate qualify for Clean Money campaign funding and that the  
11 contribution is made without coercion or reimbursement. A candidate shall be  
12 permitted to solicit and receive qualifying contributions online over the Internet,  
13 provided that a written receipt containing the information required by this  
14 subdivision, including the contributor's signature, is submitted to the Commission  
15 by the candidate.

16 (4) A contribution submitted as a qualifying contribution that does not  
17 include a signed and fully completed receipt shall not be counted as a qualifying  
18 contribution.

19 (5) All five dollar (\$5) qualifying contributions, whether in the form of  
20 cash, or checks or money orders made out to the candidate's campaign account,  
21 shall be deposited by the candidate in the candidate's campaign account.

22 (6) All qualifying contributions' signed receipts shall be filed with the  
23 Commission at the time the candidate seeks certification from the Commission as  
24 a participating candidate pursuant to section 85311. The signed receipts shall be  
25 organized and divided by county of origin, and their filing with the Commission  
26 shall be accompanied by a check from the candidate's campaign account for the  
27 total amount of qualifying contribution moneys received for deposit in the Clean  
28 Elections Fund. This submission shall be accompanied by a signed statement  
29 from the candidate indicating that all of the information on the qualifying  
30 contribution receipts is complete and accurate to the best of the candidate's  
31 knowledge and that the amount of the enclosed check is equal to the sum of all the  
32 five-dollar (\$5) qualifying contributions the candidate has received.

33 (b) A party candidate qualifies as a participating candidate for the general  
34 election campaign period if both of the following requirements are met:

35 (1) The candidate met all of the applicable requirements and filed a  
36 declaration with the Commission that the candidate has complied and will comply  
37 with all of the requirements of a participating candidate as stated in this chapter;  
38 and

39 (2) As a participating candidate during the primary election campaign  
40 period, the candidate had the highest number of votes of the candidates contesting

1 the primary election from the candidate's party and, therefore, won the party's  
2 nomination.

3 85302. Eligibility for Clean Money Campaign Funding for Independent  
4 Candidates

5 An independent candidate qualifies as a participating candidate for the general  
6 election if the following requirements are met:

7 (a) The candidate must have qualified for a place on the general election  
8 ballot and shall file a declaration with the Commission that the candidate has complied  
9 and will comply with all of the requirements of this chapter.

10 (b) The candidate shall collect half the number of qualifying contributions that  
11 a Category I candidate is required to collect for the same office pursuant to subdivision  
12 (a)(2)(A) of Section 85301. For an independent candidate, the qualifying period begins  
13 any time after January 1 of the election year and lasts the same number of days as set  
14 forth in Section 85119, except that it shall end no later than 30 days before the general  
15 election. An independent candidate shall notify the Commission within 24 hours of the  
16 day when the candidate has begun collecting qualifying contributions.

17 85303. Transition Rule for First Election Cycle

18 During the first election cycle that occurs after the effective date of this chapter, a  
19 candidate may be certified as a participating candidate, notwithstanding the acceptance of  
20 contributions or making of expenditures from private funds before the date of enactment  
21 that would, absent this section, disqualify the candidate as a participating candidate,  
22 provided that any private funds accepted but not expended before the effective date of  
23 this Act shall be:

24 (a) Returned to the contributor;

25 (b) Held in a special campaign account and used only for retiring a debt from  
26 a previous campaign; or,

27 (c) Submitted to the Commission for deposit in the Clean Elections Fund.

28 85304. Continuing Obligation to Comply

29 A participating candidate who accepts any benefits during the primary election  
30 campaign period shall comply with all the requirements of this chapter through the  
31 general election campaign period whether the candidate continues to accept benefits or  
32 not.

33 85305. Contributions and Expenditures

34 (a) During the primary and general election campaign periods, a participating  
35 Category I candidate who has voluntarily agreed to participate in, and has become  
36 eligible for, Clean Money benefits, shall not accept private contributions from any source

1 other than the candidate's political party as specified in Section 85708. Violation of this  
2 subsection shall be punishable in accordance with Sections 85904 and 85905.

3 (b) During the primary and general election campaign periods, a participating  
4 Category II candidate or independent candidate who has voluntarily agreed to participate  
5 in, and has become eligible for, Clean Money benefits may nevertheless solicit and  
6 accept private contributions subject to the following conditions:

7 (1) All such private contributions shall be raised in accordance with  
8 the contribution limitations set forth in this chapter.

9 (2) The total amount of private funds raised by the candidate, when  
10 combined with the Clean Money funds that the candidate is entitled to receive for  
11 the election pursuant to Section 85312, shall not exceed the amount of Clean  
12 Money funding that the candidate would be entitled to receive pursuant to that  
13 section if the candidate were a Category I candidate for the same office, as that  
14 amount may be augmented in accordance with Section 85314.

15 (3) If the candidate receives additional Clean Money funding  
16 following the election pursuant to Section 85315, the candidate shall return to his  
17 or her private contributors, on a pro-rata basis if necessary, an amount equivalent  
18 to the additional Clean Money funding received by the candidate.

19 (c) During the qualifying period and the primary and general election  
20 campaign periods, a participating candidate who has voluntarily agreed to participate in  
21 Clean Money benefits, shall not solicit or receive political contributions for any other  
22 candidate or for any political party or other political committee.

23 (d) No person shall make a contribution in the name of another person. A  
24 participating candidate who receives a qualifying contribution or a seed money  
25 contribution that is not from the person listed on the receipt required by subdivision (c) of  
26 Section 85309 shall be liable to pay the Commission the entire amount of the inaccurately  
27 identified contribution, in addition to any other penalties prescribed by law.

28 (e) During the primary and general election campaign periods, a participating  
29 candidate shall pay for all of the candidate's campaign expenditures, except petty cash  
30 expenditures, by means of a "Clean Elections Debit Card" issued by the Commission, as  
31 authorized under Section 85902. Participating Category II and independent candidates  
32 shall first pay all campaign expenditures, except petty cash expenditures, by means of the  
33 "Clean Elections Debit Card" out of any remaining Clean Money funding the candidates  
34 have received, prior to expending any available private contributions.

35 (f) Eligible candidates shall furnish complete campaign records, including all  
36 records of seed money contributions and qualifying contributions, to the Secretary of  
37 State at regular filing times, or on request by the Commission. Candidates shall  
38 cooperate with any audit or examination by the Commission, the Franchise Tax Board, or  
39 any government enforcement agency.

1     85306.         Campaign Accounts for Participating Candidates

2             (a)     During an election cycle, each participating candidate shall conduct all  
3     campaign financial activities through a single campaign account.

4             (b)     Notwithstanding Section 85201, a participating candidate may maintain a  
5     campaign account other than the campaign account described in subdivision (a) if the  
6     other campaign account is for the purpose of retiring a campaign debt that was incurred  
7     during a previous election campaign in which the candidate was not a participating  
8     candidate.

9             (c)     Contributions for the purpose of a retiring a previous campaign debt that  
10    are deposited in an additional campaign account as described in subdivision (b) shall not  
11    be considered "contributions" to the candidate's current campaign. Those contributions  
12    shall only be raised during the six-month period following the date of the previous  
13    election in which the campaign debt was incurred.

14            (d)     Participating candidates shall file reports of financial activity related to the  
15    current election cycle separately from reports of financial activity related to previous  
16    election cycles.

17    85307.         Use of Clean Money Funds

18            (a)     Participating candidates shall use their Clean Money funds only for direct  
19    campaign purposes.

20            (b)     Participating candidates shall not use Clean Money funds for:

21                    (1)     Costs of legal defense in any campaign law enforcement  
22                    proceeding under this Act;

23                    (2)     Indirect campaign purposes, including but not limited to:

24                            (A)     The candidate's personal support or compensation to the  
25                            candidate or to the candidate's immediate family;

26                            (B)     The candidate's personal appearance;

27                            (C)     Capital assets having an individual value in excess of two  
28                            thousand dollars (\$2,000) and a useful life extending beyond the end of  
29                            the current election period determined in accordance with generally  
30                            accepted accounting principles;

31                            (D)     A contribution or loan to the campaign committee of  
32                            another candidate or to a party committee or other political committee;

33                            (E)     An independent expenditure;

34                            (F)     A gift in excess of twenty-five dollars (\$25) per person;

(G) Any payment or transfer for which compensating value is not received.

85308. Use of Personal Funds

(a) Personal funds contributed as seed money by a candidate seeking to become eligible as a participating candidate or by adult members of the candidate's immediate family shall not exceed the maximum of two hundred and fifty dollars (\$250) per contributor.

(b) Personal funds shall not be used to meet the Qualifying Contribution requirement except for one five dollar (\$5) contribution from the candidate and one five dollar (\$5) contribution from the candidate's spouse, provided that the candidate and the candidate's spouse are residents and registered voters of the candidate's electoral district.

85309. Seed Money

(a) The only private contributions a candidate seeking to become eligible for Clean Money funding shall accept, other than qualifying contributions and limited contributions from the candidate's political party as specified in Section 85708, are seed money contributions contributed by individual adults prior to the end of the qualifying period.

(b) A seed money contribution shall not exceed two hundred and fifty dollars (\$250) per donor.

(c) The aggregate amount of seed money contributions that may be accepted from all sources by a party candidate seeking to become eligible for Clean Money funding shall not exceed:

(1) Ten thousand dollars (\$10,000) for a candidate running for the office of Member of the Assembly;

(2) Twenty thousand dollars (\$20,000) for a candidate running for the office of Member of the State Senate;

(3) Thirty thousand dollars (\$30,000) for a candidate running for the office of member of the State Board of Equalization;

(4) One hundred and fifty thousand dollars (\$150,000) for a candidate running for a statewide office other than Governor;

(5) Three hundred thousand dollars (\$300,000) for a candidate running for the office of Governor.

(d) The aggregate amount of seed money contributions that may be accepted from all sources by an independent candidate seeking to qualify for a place on the general election ballot and seeking to become eligible for Clean Money funding shall not exceed twice the applicable aggregate limits for party candidates for the same office pursuant to subdivision (c).

(e) Receipts for seed money contributions under fifty dollars (\$50) shall include the contributor's signature, printed name, street address, and zip code. Receipts for seed money contributions of fifty dollars (\$50) or more shall also include the contributor's occupation and name of employer. Contributions shall not be retained if the required disclosure information is not received from the contributor.

(f) Seed money shall be spent only during the exploratory and qualifying periods. Seed money shall not be spent during the primary or general election campaign periods. Any unspent seed money shall be turned over to the Commission for deposit in the Clean Elections Fund.

(g) Within 72 hours after the close of the qualifying period, candidates seeking to become eligible for Clean Money funding shall do both of the following:

(1) Fully disclose all seed money contributions and expenditures to the Commission; and

(2) Turn over to the Commission for deposit in the Clean Elections Fund any seed money the candidate has raised during the exploratory period that exceeds the aggregate seed money limit.

#### 85310. Participation in Debates

Participating candidates in contested races shall agree to participate in at least one public debate during a contested primary election and two public debates during a contested general election.

#### 85311. Certification of Eligibility for Receipt of Clean Money Benefits

(a) A candidate who wishes to be certified as a participating candidate shall, before the end of the qualifying period, file an application with the Commission, in a form specified by the Commission, for Clean Money benefits. The application shall be accompanied by the requisite number of signed qualifying contribution receipts. The candidate's request for certification shall be signed by the candidate and the candidate's campaign treasurer under penalty of perjury.

(b) Upon receiving an application for Clean Money benefits from a candidate, the Commission shall select at random a sample of at least five percent (5%), but in no event less than one hundred (100), of the number of qualifying contribution receipts submitted by the candidate and shall immediately forward facsimiles of the selected receipts to the respective county elections official for verification of the signatures thereon against the signers' affidavit of registration. Within five (5) working days, the county elections officials shall provide a report to the Commission with the results of their examination of the sample of the qualifying contribution receipts.

(c) Based upon the application and the reports received from the county elections officials, the Commission shall certify whether the candidate is eligible for receipt of Clean Money benefits and shall so notify the candidate no later than ten (10) days after receipt of the candidate's application. Eligibility can be revoked if it is

subsequently determined that the candidate has violated or is in violation of any of the requirements of this Act, in which case all Clean Money funds received and spent by the candidate shall be repaid.

(d) The Commission's determination of eligibility is final, except that a candidate who has been denied eligibility because the number of valid qualifying contribution receipts submitted by the candidate was determined by the random sampling verification process to be greater than ninety-five percent (95%) but less than one hundred percent (100%) of the requisite number may request that a verification of each submitted qualifying contribution receipt be conducted. In such event, the Commission shall forward facsimiles of all of the signed qualifying contribution receipts submitted by the candidate to the respective county elections officials for verification, and the Commission shall base its determination of the candidate's eligibility for receipt of Clean Money benefits on the results of the elections officials' complete verification process.

(e) The Commission's determination of a candidate's eligibility or ineligibility for Clean Money benefits is subject to expedited judicial review by a writ of mandate action filed in the Superior Court for the County of Sacramento. Any action filed pursuant to this subdivision shall be given priority and calendar preference over all other civil actions.

#### 85312. Clean Money Funding Amounts

(a) For eligible party candidates in a primary election:

(1) The amount of Clean Money funding for an eligible Category I candidate in a primary, special, or special runoff election is:

(A) One hundred thousand dollars (\$100,000) for a candidate running for the office of Member of the Assembly;

(B) Two hundred thousand dollars (\$200,000) for a candidate running for the office of Member of the State Senate;

(C) Two hundred fifty thousand dollars (\$250,000) for a candidate running for the office of member of the State Board of Equalization;

(D) One million dollars (\$1,000,000) for a candidate running for a statewide office other than Governor or Attorney General;

(E) One million five hundred thousand dollars (\$1,500,000) for a candidate running for Attorney General; and

(F) Six million dollars (\$6,000,000) for a candidate running for Governor.

(2) The amount of Clean Money funding for an eligible Category II candidate in a primary election is twenty per cent (20%) of the amount that a



1 Category I candidate running for the same office is entitled to receive pursuant to  
2 subdivision (a)(1).

3 (3) Notwithstanding subdivisions (a)(1) and (a)(2),

4 (A) The Clean Money primary election funding amount for an  
5 eligible party candidate who is running in an uncontested primary election  
6 for his or her own party's nomination is fifty percent (50%) of the amount  
7 that would otherwise be provided to the candidate in a contested primary  
8 election in accordance with this section; and

9 (B) The Clean Money primary election funding amount for an  
10 eligible party candidate who is running in an election for which there are  
11 no contested primary elections for any party's nomination for that same  
12 office is ten percent (10%) of the amount that would otherwise be  
13 provided to the candidate in a contested primary election in accordance  
14 with this section.

15 (b) For eligible candidates in a general election:

16 (1) The amount of Clean Money funding for an eligible Category I  
17 candidate in a contested general election is:

18 (A) One hundred fifty thousand dollars (\$150,000) for a  
19 candidate running for the office of Member of the Assembly;

20 (B) Three hundred thousand dollars (\$300,000) for a candidate  
21 running for the office of Member of the State Senate;

22 (C) Five hundred thousand dollars (\$500,000) for a candidate  
23 running for the office of member of the State Board of Equalization;

24 (D) Two million dollars (\$2,000,000) for a candidate running  
25 for a statewide office other than Governor or Attorney General;

26 (E) Three million dollars (\$3,000,000) for a candidate running  
27 for Attorney General; and

28 (F) Ten million dollars (\$10,000,000) for a candidate running  
29 for Governor.

30 (2) The amount of Clean Money funding for an eligible Category II  
31 candidate and an independent candidate in a contested general election is fifty per  
32 cent (50%) of the amount that a Category I candidate running for the same office  
33 is entitled to receive pursuant to subdivision (b)(1).

34 (3) Notwithstanding subdivisions (b)(1) and (b)(2), the Clean Money  
35 general election funding amount for an eligible candidate in an uncontested  
36 general election is 10 percent (10%) of the amount that would otherwise be

1 provided to the candidate in a contested general election for the same office in  
2 accordance with this section.

3 85313. Schedule of Clean Money Funding Payments

4 (a) An eligible party candidate shall receive the candidate's Clean Money  
5 funding for the primary election campaign period on the date on which the Commission  
6 certifies the candidate as a participating candidate, but no earlier than the beginning of  
7 the primary election campaign period.

8 (b) An eligible party candidate shall receive the candidate's Clean Money  
9 funding for the general election campaign period within 48 hours after certification of the  
10 primary election results.

11 (c) An eligible independent candidate shall receive an amount equal to twenty  
12 percent (20%) of the candidate's Clean Money funding for the general election campaign  
13 period as specified in subdivision (b)(2) of Section 85312 on the date on which the  
14 Commission certifies the candidate as a participating candidate. If, according to the  
15 Secretary of State's certified results, the candidate receives at least five percent (5%) of  
16 the general election vote, then the candidate shall receive the remainder of the Clean  
17 Money funding to which the candidate is entitled pursuant to subdivision (b)(2) of  
18 Section 85312 within 48 hours after certification of the general election results. Upon  
19 receipt of the additional Clean Money funding pursuant to this subsection, the candidate  
20 shall return an equivalent amount of private contributions received by the candidate to the  
21 contributors, on a pro-rata basis if necessary. An eligible independent candidate who  
22 fails to receive at least five percent (5%) of the general election vote shall not be eligible  
23 to receive the remainder of the Clean Money funding for that election, but shall not be  
24 required to refund any Clean Money funds that were received and spent prior to the  
25 general election in accordance with this subsection.

26 85314. Augmentation of Clean Money Funding Amounts in Response to Excess  
27 and Independent Expenditures

28 (a) All candidates who qualify for Clean Money funding for primary and  
29 general elections shall receive an initial allocation of Clean Money funding from the  
30 Commission for each election, the amount of which is specified in Section 85312. This  
31 funding may be used to finance any and all campaign expenses during the particular  
32 campaign period for which it was allocated.

33 (b) A Category I candidate shall be entitled to receive additional Clean Money  
34 funding in the primary or general election to match any excess expenditure amount spent  
35 by a non-participating candidate opponent, as disclosed pursuant to Section 85501.

36 (c) A Category I candidate shall also be entitled to receive additional Clean  
37 Money funding in the primary or general election to match any independent expenditure  
38 or electioneering communication made in opposition to his or her candidacy or in support  
39 of his or her opponents' candidacies, as disclosed pursuant to Section 85502 or Section  
40 85504, provided that the dollar value of the independent expenditure or electioneering  
41 communication, combined with the amount raised or received to date by any opposing

1 candidate who benefits from the independent expenditure or electioneering  
2 communication, must exceed (1) the initial Clean Money funding allocation to which the  
3 participating candidate is entitled pursuant to Section 85312 plus (2) the amount of any  
4 independent expenditures or electioneering communications made in support of his or her  
5 own candidacy, as disclosed pursuant to Section 85502 or Section 85504.

6 (d) A Category II candidate or an independent candidate shall be entitled to  
7 receive additional Clean Money funding in the general election to match any independent  
8 expenditure or electioneering communication specifically made in opposition to his or  
9 her candidacy, as disclosed pursuant to Section 85502 or Section 85504, provided that the  
10 dollar value of the independent expenditure or electioneering communication, combined  
11 with the amount raised or received to date by any opposing candidate who benefits from  
12 the independent expenditure or electioneering communication, must exceed (1) the  
13 original Clean Money funding allocation to which the participating candidate is entitled  
14 pursuant to Section 85312 plus (2) the amount of any independent expenditures or  
15 electioneering communications made in support of his or her own candidacy, as disclosed  
16 pursuant to Section 85502 or Section 85504. A Category II candidate and an independent  
17 candidate shall only receive additional Clean Money funding pursuant to this paragraph  
18 following the certification of the election results, and only if the Secretary of State has  
19 certified that the candidate has received at least five percent (5%) of the general election  
20 vote.

21 (e) Notwithstanding subdivisions (a) through (d), the maximum aggregate  
22 amount of funding a participating candidate may receive to match independent  
23 expenditures and excess expenditures of non-participating candidates shall be no more  
24 than three times the original amount of Clean Money funding allocated to a participating  
25 candidate for a particular primary or general election campaign period pursuant to  
26 Section 85312.

27 85315. Additional Clean Money Funding for Qualifying Category II and  
28 Independent Candidates

29 (a) If, according to the Secretary of State's certified election results, an  
30 eligible and participating Category II candidate receives at least twenty percent (20%) of  
31 the general election vote, then the candidate shall be entitled to receive additional Clean  
32 Money funding within 48 hours after certification of the election results in an amount  
33 equal to the amount of private contributions received by the candidate for that election,  
34 provided that the total amount of Clean Money funding received by the candidate shall  
35 not exceed the amount that an eligible Category I candidate for the same office would be  
36 entitled to receive pursuant to subdivision (b) of Section 85312, as augmented by any  
37 additional Clean Money funding the candidate might be eligible to receive in accordance  
38 with subdivision (d) of Section 85314. Upon receipt of additional Clean Money funding  
39 pursuant to this section, the candidate shall within seven (7) days return all private  
40 contributions received by the candidate to the contributors, on a pro-rata basis if  
41 necessary. For purposes of this section, contributions made to a candidate from his or her  
42 own personal funds or by the candidate's immediate family shall not be considered to be  
43 private contributions and shall not be reimbursed to the candidate or his or her immediate  
44 family from additional Clean Money funding.

(b) If, according to the Secretary of State's certified results, an independent candidate receives at least twenty percent (20%) of the general election vote, then the candidate shall be entitled to receive additional Clean Money funding within 48 hours after certification of the election results in an amount equal to the amount of private contributions received by the candidate for that election, provided that the total amount of Clean Money funding received by the candidate shall not exceed the amount that an eligible Category I candidate for the same office would be entitled to receive pursuant to subdivision (b) of Section 85312, as augmented by any additional Clean Money funding the candidate might be eligible to receive in accordance with subdivision (d) of Section 85314. Upon receipt of additional Clean Money funding pursuant to this section, the candidate shall within seven (7) days return all private contributions received by the candidate to the contributors, on a pro-rata basis if necessary. For purposes of this section, contributions made to a candidate from his or her own personal funds or by the candidate's immediate family shall not be considered to be private contributions and shall not be reimbursed to the candidate or his or her immediate family from additional Clean Money funding.

#### 85316. Special Elections

(a) The provisions of this chapter apply to special elections and to special runoff elections. A special election and a special runoff election are separate elections for purposes of this chapter. A special election cycle begins on the day the election is called and ends the day of the special election. Any contributions that are raised prior to the date that the election is called but that are used for the special election shall be subject to the provisions of this chapter. A special election runoff cycle means the day after the special election until the day of the special runoff election.

(b) The Commission shall adopt rules for the appropriate adjustment of the deadlines and pro-rata of the eligibility requirements set forth in this chapter in order to account for the timetable and circumstances of the special election.

### Article 4. Restrictions on Non-Participating Candidates, Political Parties, and Independent Expenditure Committees

#### 85401. Contribution Limitations for Non-Participating Candidates

(a) A person, other than a small contributor committee or political party committee, may not make to any non-participating candidate for elective state office other than a non-participating candidate for statewide elective office, and a non-participating candidate for elective state office other than a non-participating candidate for statewide elective office may not accept from any person other than a small contributor committee or a political party committee, any contribution totaling more than one thousand dollars (\$1,000) per election.

(b) A person, other than a small contributor committee or political party committee, may not make to any non-participating candidate for statewide elective office, and a candidate for statewide elective office may not accept from any person other than a

small contributor committee or a political party committee, any contribution totaling more than two thousand dollars (\$2,000) per election.

(c) The provisions of this section do not apply to a non-participating candidate's contributions of personal funds to the candidate's own campaign.

85402. Contribution Limitations from Small Contributor Committees to Non-Participating Candidates

(a) A small contributor committee may not make to any non-participating candidate for elective state office other than a non-participating candidate for statewide elective office, and a non-participating candidate for elective state office, other than a non-participating candidate for statewide elective office may not accept from a small contributor committee, any contribution totaling more than five thousand dollars (\$5,000) per election.

(b) A small contributor committee may not make to any non-participating candidate for statewide elective office, and a non-participating candidate for statewide elective office may not accept from a small contributor committee, any contribution totaling more than ten thousand dollars (\$10,000) per election.

85403. Contributions to Committees and Political Party Committees

(a) A person may not make to any committee, including an independent expenditure committee, and such a committee may not accept from any person, contributions totaling more than one thousand dollars (\$1,000) per calendar year.

(b) A person may not make in the aggregate to political party committees of the same political party, and such party committees combined may not accept from any person, contributions totaling more than five thousand dollars (\$5,000) per calendar year.

(c) Nothing in this chapter limits a candidate for elected state office from transferring contributions received by the candidate in excess of any amount necessary to defray the candidate's expenses for election-related activities or holding office to a political party committee, provided those transferred contributions are used for purposes consistent with paragraph (4) of subdivision (b) of Section 89519.

Article 5. Disclosure Requirements for Candidates & Committees

85501. Disclosure of Excess Spending by Non-Participating Candidates

(a) If a non-participating candidate's total expenditures or promises to make expenditures exceed the amount of Clean Money funding allocated to the candidate's participating opponent or opponents, the candidate shall declare every excess expenditure amount which, in the aggregate, is more than five thousand dollars (\$5,000) to the Commission within 24 hours of the time the expenditure or promise is made, whichever occurs first.

1 (b) The Commission may make its own determination as to whether excess  
2 expenditures have been made by non-participating candidates.

3 (c) Upon receiving an excess expenditure declaration or determining that an  
4 excess expenditure has been made or has been obligated to be made, the Commission  
5 shall immediately release additional Clean Money funding to the opposing participating  
6 candidate or candidates in an amount equal to the excess expenditure amount the non-  
7 participating candidate has spent or has obligated to spend, subject to the limit set forth in  
8 subdivision (e) of Section 85314.

9 85502. Disclosure of Independent Expenditures

10 (a) In addition to any other report required by this title, a committee,  
11 including a political party committee, that is required to file reports pursuant to Section  
12 84605 and that makes or obligates itself to make independent expenditures of one  
13 thousand dollars (\$1,000) or more during an election cycle in connection with a candidate  
14 for elective state office or state ballot measure, shall file online or electronically a report  
15 with the Secretary of State and the Commission disclosing the making of, or the  
16 obligation to make, the independent expenditure. This report shall disclose the same  
17 information required by subdivision (b) of Section 84204 and shall be filed within 24  
18 hours of the time the independent expenditure is made or has been obligated to be made.

19 (b) The report to the Commission shall include a signed statement under  
20 penalty of perjury by the person or persons making the independent expenditure  
21 identifying the candidate or candidates whom the independent expenditure is intended to  
22 help elect or defeat and affirming that the expenditure is independent and has not been  
23 coordinated with a candidate or a political party.

24 (c) Any individual or organization that fails to file the required report to the  
25 Commission or provides materially false information in a report filed pursuant to  
26 subdivision (a) or (b) may be fined up to three times the amount of the independent  
27 expenditure. The criminal penalties in this chapter shall not apply to any violations of  
28 this section.

29 (d) Upon receiving a report that an independent expenditure has been made or  
30 obligated to be made, the Commission shall immediately release additional Clean Money  
31 funding, equal in amount to the cost of the independent expenditure, to all participating  
32 candidates whom the independent expenditure is intended to oppose or defeat in that  
33 specific primary or general election, provided that:

34 (1) The dollar value of the independent expenditure, combined with  
35 the amount raised or received thus far by any opposing candidate who benefits  
36 from the independent expenditure, exceeds the original Clean Money funding  
37 amount received by the participating candidate plus the amount of any  
38 independent expenditures that supported or benefited the participating candidate.

39 (2) The maximum aggregate amount of additional funding a  
40 participating candidate receives to match the total of independent expenditures  
41 and the excess expenditures of non-participating candidates is no more than an

1 additional two hundred percent (200%) of the participating candidate's initial  
2 Clean Money funding allocation for the relevant office.

3 (e) A controlled committee of a candidate may not make independent  
4 expenditures and may not contribute funds to another committee for the purpose of  
5 making independent expenditures to support or oppose other candidates.

6 85503. Electronic Filing of Contributions

7 (a) In addition to any other report required by this title, a candidate for  
8 elective state office who is required to file reports pursuant to Section 84605 shall file  
9 online or electronically with the Secretary of State a report disclosing receipt of a  
10 contribution which totals in the aggregate one thousand dollars (\$1,000) or more received  
11 from any contributor within 90 days before the election. The report shall disclose the  
12 same information required by subdivision (a) of Section 84203 and shall be filed within  
13 24 hours of receipt of the contribution or contributions.

14 (b) In addition to any other report required by this title, any committee  
15 primarily formed to support or oppose one or more state ballot measures that is required  
16 to file reports pursuant to Section 84605 shall file online or electronically with the  
17 Secretary of State a report disclosing receipt of a contribution which totals in the  
18 aggregate one thousand dollars (\$1,000) or more received from any contributor 90 days  
19 before the election. The report shall disclose the same information required by  
20 subdivision (a) of Section 84203 and shall be filed within 24 hours of receipt of the  
21 contribution.

22 (c) In addition to any other report required by this title, a candidate for  
23 elective state office who is required to file reports pursuant to Section 84605 shall file  
24 online or electronically with the Secretary of State a report disclosing receipt of a  
25 contribution which totals in the aggregate one thousand dollars (\$1,000) or more received  
26 from any contributor at any time other than 90 days before the election. The report shall  
27 disclose the same information required by subdivision (a) of Section 84203 and shall be  
28 filed within 10 business days of receipt of the contribution.

29 (d) In addition to any other report required by this title, a committee primarily  
30 formed to support or oppose a state ballot measure that is required to file reports pursuant  
31 to Section 84605 shall file online or electronically with the Secretary of State a report  
32 disclosing receipt of a contribution which totals in the aggregate one thousand dollars  
33 (\$1,000) or more received from any contributor at any time other than 90 days before the  
34 election. The report shall disclose the same information required by subdivision (a) of  
35 Section 84203 and shall be filed within 10 business days of receipt of the contribution.

36 (e) Following each state general election, the Secretary of State shall issue  
37 reports summarizing the campaign contribution and expenditure data filed with the office.  
38 The summaries shall contain, among other things, compilations of how much each state  
39 candidate raised and spent for both the primary and general elections. The summaries  
40 shall also consist of data listing the top contributors to state campaigns and the recipients

1 of these contributions. The Secretary of State is encouraged to compile additional  
2 information at his or her discretion.

3  
4 85504. Disclosure of Electioneering Communications

5 (a) In addition to any other report required by this title, any person who makes  
6 a payment or a promise of payment totaling fifty thousand dollars (\$50,000) or more for  
7 one or more communications that clearly identifies a candidate for elective state office  
8 and does not expressly advocate the election or defeat of the candidate, but that is  
9 disseminated, distributed, broadcast, or otherwise published within 45 days of an election  
10 for the purpose of promoting the election or defeat of the candidate, shall file online or  
11 electronically with the Secretary of State a report disclosing the name of the person,  
12 address, occupation, and employer, and amount of the payment. The report shall be filed  
13 within 24 hours of making the payment or the promise to make the payment, whichever  
14 comes first.

15 (b) (1) Except as provided in paragraph (2) of this subdivision, if any  
16 person has received a payment or a promise of a payment from other persons totaling one  
17 thousand dollars (\$1,000) or more for the purpose of making a communication described  
18 in subdivision (a), the person receiving the payment shall disclose on the report the name,  
19 address, occupation, and employer of the person who made the payment, and the date and  
20 the amount received or promised from the person.

21 (2) A person who receives or is promised a payment that is otherwise  
22 reportable under paragraph (1) of this subdivision is not required to report the payment if  
23 the recipient is in the business of providing goods or services and receives or is promised  
24 the payment for the purpose of providing those goods or services.

25 (c) Any payment received by a person who makes a communication described  
26 in subdivision (a) is subject to the limits specified in Article 4 of this chapter if the  
27 communication is made at the behest of the clearly identified candidate.

28 85505. Campaign Advertisements

29 All broadcast and print advertisements placed by candidates or their committees  
30 shall include a clear written or spoken statement indicating that the candidate has  
31 approved of the contents of the advertisement.

32 Article 6. Legal Defense and Officeholder Accounts

33 85601. Legal Defense and Officeholder Accounts

34 (a) A candidate for elective state office or an elected state officer may  
35 establish a separate account to defray attorney's fees and other related legal costs  
36 incurred for the candidate's or officer's legal defense if the candidate or officer is subject  
37 to one or more civil or criminal proceedings or administrative proceedings arising  
38 directly out of the conduct of an election campaign, the electoral process, or the



1 performance of the officer's governmental activities and duties. These funds may be  
2 used only to defray those attorney's fees and other related legal costs.

3 (b) An elected state officer may establish a separate account to defray  
4 officeholder expenses that are set forth by the Commission. No funds from this account  
5 shall be used for a mass mailing. No officeholder account shall at any time exceed  
6 twenty-five thousand dollars (\$25,000) for a Member of the Legislature or member of the  
7 State Board of Equalization, or fifty thousand dollars (\$50,000) for a statewide  
8 officeholder.

9 (c) An elected state officer may receive contributions of up to five hundred  
10 dollars (\$500) per person per year in the aggregate for accounts established pursuant to  
11 subdivisions (a) and (b). All contributions shall be reported in a manner prescribed by  
12 the Commission. Contributions to those funds shall not be considered campaign  
13 contributions.

14 (d) No elected state officeholder or state officeholder account or legal defense  
15 account shall solicit or accept a contribution from a registered state lobbyist or lobbyist  
16 employer if the lobbyist or lobbyist employer finances, engages in, or is authorized to  
17 engage in lobbying the government agency of the officeholder.

18 (e) Once the legal dispute is resolved or the elected state official leaves office,  
19 the candidate shall dispose of any funds remaining after all expenses associated with the  
20 dispute are discharged or after the elected state official leaves office, for one or more of  
21 the purposes set forth in paragraphs (1) to (5), inclusive, of subdivision (b) of Section  
22 89519.

## 23 Article 7. Restrictions on All Candidates and 24 Officeholders

### 25 85701. Transfers of Campaign Funds to Other Candidates Prohibited

26 A candidate for elective state office or committee controlled by that candidate  
27 may not make any contribution to any other candidate for elective state office, except that  
28 a candidate may make such contributions out of the personal funds of the candidate to the  
29 extent other provisions permit such contributions.

### 30 85702. Loans

31 (a) The provisions of this chapter regarding loans apply to extensions of  
32 credit, including accrued expenses, but do not apply to loans made to a candidate by a  
33 commercial lending institution in the lender's regular course of business on terms  
34 available to members of the general public for which the candidate is personally liable.

35 (b) A non-participating candidate for elective state office may not personally  
36 loan to his or her campaign an amount, the outstanding balance of which exceeds one  
37 hundred thousand dollars (\$100,000) at any point in time. As of the date of the election,  
38 the outstanding balance on any loan or loans from the candidate to his or her campaign

1 may not exceed twenty-five thousand dollars (\$25,000). A candidate may not charge  
2 interest on any loan the candidate makes to the candidate's campaign.

3 85703. Family Contributions

4 (a) Contributions made by a husband and wife shall not be aggregated.

5 (b) A contribution of \$50 or more made by a child under 18 years of age is  
6 presumed to be a contribution from the parent or guardian of the child.

7 85704. Payments for Communications to Members

8 For purposes of this chapter, payments for publication of a regularly scheduled  
9 newsletter to members, employees, shareholders, or families of members, employees, or  
10 shareholders of an organization, other than a political party, for the purpose of supporting  
11 or opposing a candidate or a ballot measure are not contributions or expenditures if the  
12 newsletter is not expanded beyond its normal circulation or size and if the newsletter or  
13 its sponsoring organization do not receive any payments from candidates or ballot  
14 measures to be included in the newsletter. If those communications are distributed to  
15 persons who are not members, employees, shareholders, or families of members,  
16 employees, or shareholders of an organization, then the payments for communications to  
17 those persons shall not be contributions or expenditures if those additional persons total  
18 five percent (5%) or less of the normal circulation.

19 85705. When Contributions May Be Received

20 A candidate or any committee controlled by the candidate may not solicit or  
21 receive any contributions prior to the beginning of the exploratory period.

22 85706. Transfer of Campaign Funds Between Candidate's Committees

23 A non-participating candidate may transfer campaign funds from one controlled  
24 committee of the candidate to another controlled committee for elective state office of the  
25 same non-participating candidate. Contributions transferred shall be attributed to specific  
26 contributors using a "last in, first out" or "first in, first out" accounting method as  
27 established by the Commission, and these attributed contributions when aggregated with  
28 all other contributions from the same contributor for the same election may not exceed  
29 the limits set forth in Sections 85401 and 85402.

30 85707. Contributions Received After the Election

31 A non-participating candidate may accept a contribution after the date of the  
32 election only to the extent that the contribution does not exceed net debts outstanding  
33 from the election and the contribution does not otherwise exceed the applicable  
34 contribution limit for that election. All debts incurred in connection with an election  
35 shall be repaid or written off no later than 90 days after the date of the general election.

36 85708. Political Party Contributions and Expenditures

Candidates may accept monetary or in-kind contributions from political parties provided that the aggregate amount of such contributions from all political party committees combined does not exceed the equivalent of ten percent (10%) of the original Clean Money financing allotment for that office for that election pursuant to Section 85312. Contributions received from political parties pursuant to this section shall not count against the money spent by participating candidates.

85709. Bundling of Contributions

Contributions made directly or indirectly to or on behalf of a particular candidate through an intermediary or conduit shall be treated as contributions from the contributor and the intermediary or conduit to the candidate for the purposes of this limitation unless the intermediary or conduit is one of the following:

(a) The candidate or representative of the candidate receiving contributions on behalf of the candidate, provided, however, that the representative does not include any of the following persons:

- (1) A committee other than the candidate's campaign committee;
- (2) An officer, employee, or agent of the committee other than the candidate's campaign committee;
- (3) A person registered as a lobbyist with the government agency for which the candidate is running or is an officeholder.
- (4) An officer, employee, or agent of a corporation or labor union acting on behalf of the corporation or labor union.

(b) A volunteer, who otherwise does not fall under paragraphs (1) to (4), inclusive, of subdivision (a), hosting a fundraising event outside the volunteer's place of business.

85710. Payments Made at the Behest of Officeholders

A payment made principally for legislative, governmental, or charitable purposes made at the behest of a candidate who is an elected officer shall be reported within 30 days following the date on which the payment or payments equal or exceed one thousand dollars (\$1,000) in the aggregate from the same source in the same calendar year in which the payment or payments are made. The report shall be filed by the elected officer with the elected officer's agency and shall be a public record subject to inspection and copying pursuant to the provisions of subdivision (a) of Section 81008. The report shall contain the following information: name of payor, address of payor, amount of the payment, date or dates the payment or payments were made, the name and address of the payee, a brief description of the goods or services provided or purchased, if any, and a description of the specific purpose or event for which the payment or payments were made. Once the one thousand dollars (\$1,000) aggregate threshold from a single source has been reached for a calendar year, all payments for the calendar year made by that source shall be

disclosed within 30 days after the date the threshold was reached or the payment was made, whichever occurs later. Within 30 days after receipt of the report, state agencies shall forward a copy of these reports to the Fair Political Practices Commission, and local agencies shall forward a copy of these reports to the officer with whom elected officers of that agency file their campaign statements.

85711. Disqualification for Receipt of Contributions.

Notwithstanding paragraph (1) of subdivision (b) of Section 82030, a contribution of five hundred dollars (\$500) or more received by a state candidate or state officeholder shall be considered income subject to the disqualification provisions of this title.

85712. Deposit of Contributions

(a) A candidate or committee shall not deposit and shall return within 14 days any contribution of one hundred dollars (\$100) or more for which the candidate or committee does not have on file in the records of the candidate or committee the name, address, occupation, and employer of the contributor. Unless returned prior to the due date for any report or filing required by this title, receipt of the contribution shall nevertheless be reported on the required report or filing with as much information as is available at the time and a notation that the contribution has not been deposited. Contributions from unidentified individuals and contributions that cannot be returned because the donor cannot be located with reasonable diligence shall be deposited with the Clean Elections Fund.

(b) A candidate or committee may return a contribution pursuant to subdivision (a) after the date that the candidate or committee has reported the contribution under any provision of this title.

85713. Return of Contributions

A candidate for state elective office may return all or part of any contribution to the donor who made the contribution at any time, whether or not other contributions are returned. All such contributions shall be reported unless they are returned prior to the closing date of the next campaign statement that is due.

85714. Contributions from Lobbyists

An elected state officer or candidate for elected state office may not accept a contribution from a lobbyist, and a lobbyist may not make a contribution to an elected state officer or candidate for elected state office, if that lobbyist is registered to lobby the governmental agency for which the candidate is seeking election or the governmental agency of the elected state officer.

85715. Contributions Funneled Through Intermediary; Earmarked Contributions

A person may not make any contribution to a committee on the condition or with the agreement that it will be contributed to any particular candidate unless the

1 contribution is fully disclosed pursuant to Section 84302. Such a contribution shall be  
2 subject to all the provisions of this title.

3 85716. Local Jurisdictions

4 Nothing in this chapter shall nullify contribution limitations or prohibitions of any  
5 local jurisdiction that apply to elections for local elective office.

6  
7 85717. Laundered Contributions

8 Any candidate or committee that makes or receives a contribution in violation of  
9 Section 84301 shall pay to the General Fund of the state an amount equal to up to three  
10 times the amount of the contribution. Liability for payment to the state for violation of  
11 this provision shall be imposed upon the candidate who made or received the contribution  
12 and upon any committee controlled by such person.

13 85718. Foreign Contributions

14 (a) No foreign government or foreign principal shall make, directly or through  
15 any other person, any contribution, expenditure, or independent expenditure in  
16 connection with the qualification or support of, or opposition to, any state or local ballot  
17 measure.

18 (b) No person and no committee shall solicit or accept a contribution from a  
19 foreign government or foreign principal in connection with the qualification or support  
20 of, or opposition to, any state or local ballot measure.

21 (c) For purposes of this section, a "foreign principal" includes the following:

22 (1) A foreign political party.

23 (2) A person outside the United States, unless either of the following is  
24 established:

25 (A) The person is an individual and a citizen of the United  
26 States.

27 (B) The person is not an individual and is organized under or  
28 created by the laws of the United States or of any state or other place  
29 subject to the jurisdiction of the United States and has its principal place  
30 of business within the United States.

31 (3) A partnership, association, corporation, organization, or other  
32 combination of persons organized under the laws of or having its principal place  
33 of business in a foreign country.

34 (4) A domestic subsidiary of a foreign corporation if the decision to  
35 contribute or expend funds is made by an officer, director, or management

1 employee of the foreign corporation who is neither a citizen of the United States  
2 nor a lawfully admitted permanent resident of the United States.

3 (d) This section shall not prohibit a contribution, expenditure, or independent  
4 expenditure made by a lawfully admitted permanent resident.

5 (e) Any person who violates this section shall be guilty of a misdemeanor and  
6 shall be fined an amount equal to the amount contributed or expended.

7

8 85719. Coordinated Expenditures

9 An expenditure shall not be considered independent, and shall instead be treated  
10 as a contribution from the person making the expenditure to the candidate on whose  
11 behalf, or for whose benefit, the expenditure is made, if the expenditure is made in  
12 coordination with a candidate or the candidate's campaign in accordance with the criteria  
13 of Section 85107.

14 85720. Prohibition on Independent Expenditures By Candidate Controlled  
15 Committees

16 A controlled committee of a candidate may not make independent expenditures  
17 and may not contribute funds to another committee for the purpose of making  
18 independent expenditures to support or oppose other candidates.

19 Article 8. Ballot Pamphlet Statements

20 85801. Ballot Pamphlet

21 The Secretary of State shall designate in the state ballot pamphlet those candidates  
22 for statewide elective office, as defined in Section 82053, who have voluntarily agreed to  
23 be participating candidates. Local elections officers shall designate in the voter  
24 information portion of the sample ballot those candidates for Member of the State Senate  
25 and Member of the Assembly who have voluntarily agreed to be participating candidates.

26 85802. Candidate Access to Ballot Pamphlet Statement

27 (a) A candidate for statewide elective office, as defined in Section 82053,  
28 who is a participating candidate may place a statement in the state ballot pamphlet that  
29 does not exceed 250 words. The statement may not make any reference to any opponent  
30 of the candidate. The statement shall be submitted in accordance with timeframes and  
31 procedures set forth by the Secretary of State for the preparation of the state ballot  
32 pamphlets.

33 (b) A candidate for Member of the State Senate or Member of the Assembly  
34 who is a participating candidate may place a statement in the voter information portion of  
35 the sample ballot that does not exceed 250 words. The statement may not make any  
36 reference to any opponent of the candidate. The statement shall be submitted in

accordance with the timeframes and procedures set forth in the Elections Code for the preparation of the voter information portion of the sample ballot.

(c) A non-participating candidate may pay to place a statement in the appropriate ballot pamphlet or voter information portion of the sample ballot that does not exceed 250 words. The statement may not make any reference to any opponent of the candidate. The statement shall be submitted in accordance with timeframes and procedures set forth by the Secretary of State and the Elections Code for the preparation of the state ballot pamphlets and the voter information portion of the sample ballot. The non-participating candidate shall be charged his or her pro rata share among all candidates with ballot statements for the cost of printing, handling, translating and mailing the campaign statement.

## Article 9. Appropriations for and Administration of the Clean Elections Fund

### 85901. Nature and Purposes of the Clean Elections Fund

(a) The Clean Elections Fund is hereby created in the State Treasury and, notwithstanding Section 13340, there is continuously appropriated each fiscal year beginning in fiscal year 2005-2006 from the Fund to the Commission an amount equal to five dollars (\$5) per year for each California resident, as determined by the State Department of Finance as of the beginning of each fiscal year. The following sources of revenue shall be deposited into the fund:

(1) The oil severance tax revenues received in accordance with Part 25 (commencing with Section 48001) of Division 2 of the Revenue and Taxation Code;

(2) The qualifying contributions required of candidates seeking to become certified as participating candidates and candidates' excess qualifying contributions;

(3) The excess seed money contributions of candidates seeking to become certified as participating candidates;

(4) Unspent funds distributed to any participating candidate who does not remain a candidate until the primary or general election for which they were distributed, or those funds that remain unspent by a participating candidate following the date of the primary or general election for which they were distributed;

(5) Fines levied by the Commission against candidates for violation of election laws;

(6) Voluntary donations made directly to the Clean Elections Fund;

(7) Other funds appropriated by the legislature; and

(8) Any interest generated by the Fund.

1 (b) There is hereby appropriated from the Clean Elections Fund to the Fair  
2 Political Practices Commission the sum of three million dollars (\$3,000,000) annually,  
3 above and beyond the appropriations established for the operations of the Commission,  
4 for expenditures to support the operations of the Commission pursuant to this chapter.

5 (c) Monies deposited into the Clean Elections Fund shall be use to provide  
6 public financing for the election campaigns of certified participating candidates during  
7 primary and general campaign periods, and to pay for the administrative and enforcement  
8 costs of the Commission related to this chapter.

9 (d) The Legislature may appropriate additional money from the General Fund  
10 or from other sources to support the implementation of this chapter.

11 85902. Administration and Dispersal of Money from the Fund

12 (a) Upon determination that a candidate has met all the requirements for  
13 becoming a participating candidate as provided for in this chapter, the Commission shall  
14 issue to the candidate a card, known as the "Clean Elections Debit Card," and a "line of  
15 debit" entitling the candidate and members of the candidate's staff to draw Clean Money  
16 funds from a Commission account to pay for all campaign costs and expenses up to the  
17 amount of Clean Money funding the candidate has received.

18 (b) Neither a participating candidate nor any other person on behalf of a  
19 participating candidate shall pay campaign costs by cash, check, money order, loan, or by  
20 any other financial means other than the Clean Elections Debit Card.

21 (c) Cash amounts of one hundred dollars (\$100) or less per day may be drawn  
22 on the Clean Elections Debit Card and used to pay expenses of no more than twenty-five  
23 dollars (\$25) each. Records of all of these expenditures shall be maintained and reported  
24 to the Commission.

25 85903. Insufficient Funds in the Program

26 If the Commission determines that there are insufficient funds in the program to  
27 fund adequately all candidates eligible for Clean Money funds, the Commission shall  
28 reduce the grants proportionately to all eligible candidates. If the Commission notifies a  
29 candidate that the Clean Money funds will be reduced and the candidate has not received  
30 any Clean Money funds, the candidate may decide to be a non-participating candidate. If  
31 a candidate has already received Clean Money funds or wishes to start receiving such  
32 funds, a candidate who wishes to collect private contributions may do so in amounts up to  
33 the contribution limits provided for non-participating candidates but may not collect more  
34 than the total of Clean Money funds that the candidate was entitled to receive had there  
35 been sufficient funds in the program less the amount of Clean Money funds that will be  
36 or have been provided. If, at a later point, the Commission determines that adequate  
37 funds have become available, candidates, who have not raised private funds, shall receive  
38 the remaining funds owed to them.



1     85904.         Repayment of Excess Expenditures

2             (a)     If a participating candidate spends or obligates to spend more than the  
3     Clean Money funding the candidate is given, and if it is determined by the Commission,  
4     subject to court review, not to be an amount that had or could have been expected to have  
5     a significant impact on the outcome of the election, then the candidate shall repay to the  
6     Clean Elections Fund an amount equal to the excess.

7             (b)     If a participating candidate spends or obligates to spend more than the  
8     Clean Money funding the candidate is given, and if that excess amount is determined by a  
9     court to be an amount that had or could have been expected to have a significant impact  
10    on the outcome of the election, then the candidate shall repay to the Clean Elections Fund  
11    an amount up to ten times the value of the excess.

12    85905.         Penalties

13             It is unlawful for candidates to knowingly accept more benefits than those to  
14    which they are entitled, to spend more than the amount of Clean Money funding they  
15    have received, or to misuse such benefits or Clean Money funding.

16             (a)     If it is determined that the violation was intentional and involved an  
17    amount that had or could have been expected to have a significant impact on the outcome  
18    of the election, the candidate may be fined up to twenty-five thousand dollars (\$25,000)  
19    or imprisoned for up to five years, or both.

20             (b)     If it is determined that the violation was intentional and involved an  
21    amount that had or could have been expected to have a significant impact on the outcome  
22    of the election, and if, in the judgment of the Commission, the violation is believed to  
23    have contributed to the violator winning election to the Legislature, the Commission may  
24    recommend to the Legislature that the results of the legislative election be nullified and a  
25    new election called.

26             (c)     Any person who is found guilty of any crime established by this chapter  
27    shall be sentenced to at least one day and one night in jail.

28    85906.         Cost of Living Adjustments

29             The Commission shall adjust the contribution limitations, seed money provisions  
30    and the Clean Money fund provisions in January of every odd-numbered year beginning  
31    in 2007 to reflect any increase or decrease in the Consumer Price Index. Those  
32    adjustments shall be rounded to the nearest ten dollars (\$10) for the seed money  
33    provisions, one hundred dollars (\$100) for the limitations on contributions, and one  
34    thousand dollars (\$1,000) for the Clean Money provisions.

35

36

1 **Section 6.** Part 25 (commencing with Section 48001), entitled "Oil Severance Tax,"  
2 is added to Division 2 of the Revenue and Taxation Code, to read:

3 48001. Excise and Privilege Tax on Oil Severance

4 There is hereby levied, in addition to all other taxes imposed by law, an excise  
5 and privilege tax on every person severing oil from the soil or the waters, or from beneath  
6 the soil or the waters, of the state of California for sale, transport, storage, profit or for  
7 use. The tax shall apply to all oil extracted or withdrawn from the soil or water or from  
8 below the surface of the soil or water, whether such extraction or withdrawal shall be by  
9 natural flow, mechanically enforced flow, pumping, or any other means employed to get  
10 the oil from the soil or water or from below the surface of the soil or water.

11 48002. Oil Severance Tax Rate

12 The Board of Equalization shall set the initial rate of taxation pursuant to this  
13 Part, and shall adjust such rate annually thereafter in January of each year, in such  
14 amount so that the total annual revenues to be provided from the oil severance tax shall  
15 equal five dollars (\$5) for every person residing in the state, as determined by the  
16 Department of Finance as of the beginning of the prior fiscal year.

17 48003. Deposit of Oil Severance Tax Revenues into Clean Elections Fund

18 All revenues received pursuant to this Part shall be immediately deposited into the  
19 Clean Elections Fund established pursuant to Government Code section 85901 to be  
20 appropriated in accordance with that section and only for the purposes set forth in that  
21 section.

22 48004. Authorization to Adopt Implementing Legislation and Regulations

23 (a) The Legislature is hereby authorized and directed to adopt all necessary  
24 and appropriate additional legislation for the implementation of the oil severance tax  
25 imposed by this Part.

26 (b) The Board of Equalization is hereby authorized and directed to adopt all  
27 necessary and appropriate rules and regulations for the implementation of the oil  
28 severance tax imposed by this Part.

29 48005. Effective Date and Sunset Provisions

30 (a) The oil severance tax authorized to be imposed by this Part shall be  
31 imposed and become effective on January 1, 2005, for all oil extracted or withdrawn  
32 subsequent to that date. The tax shall be imposed and collected on a quarterly basis  
33 thereafter.

34 (b) The oil severance tax authorized to be imposed by this Part shall be  
35 imposed only through December 31, 2010, on oil extracted or withdrawn prior to that  
36 date, unless the authorization for and imposition of the tax is subsequently extended by  
37 the Legislature or another initiative measure.

1   **Section 7.**     Severability

2           The provisions of this act are severable. If any provision of this act or its  
3 application is held invalid by a court of competent jurisdiction, that invalidity shall not  
4 affect other provisions or applications of the act that can be given effect without the  
5 invalid provision or application.

6   **Section 8.**     Amendments

7  
8           (a)     The provisions of Section 81012 of the Government Code, which allow  
9 legislative amendments to the Political Reform Act of 1974, shall apply to the provisions  
10 of Section 5 of this act.

11  
12           (b)     The provisions of Section 6 of this act may be amended by the Legislature,  
13 but only to further its purposes, and only by three-fifths of the membership of each house  
14 concurring, or by a statute that becomes effective only when approved by the electorate.

15  
16   **Section 9.**     Consistency with Existing Provisions

17           Section 6 of this act shall be deemed to amend the Political Reform Act of 1974  
18 as amended and all of its provisions that do not conflict with this chapter shall apply to  
19 the provisions of this chapter.

20  
21   **Section 10.**    Effective Date

22           This act shall become effective immediately upon approval by the voters and shall  
23 apply to elections held on or after January 1, 2005, except that it shall not apply to any  
24 special elections or special run-off elections that are held before July 1, 2005.

25